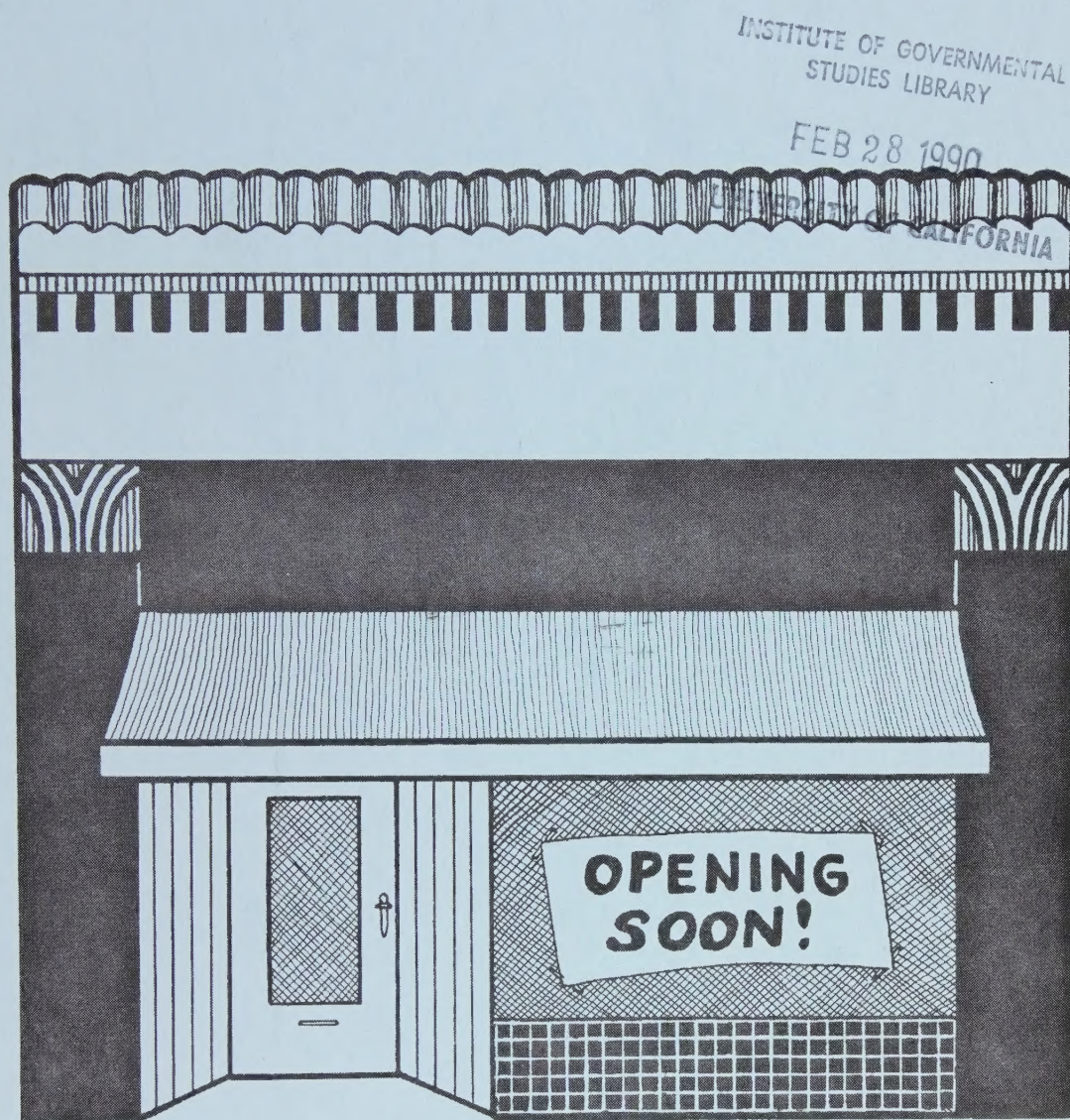


# STARTING A BUSINESS IN BERKELEY:

A Resource Guide For New Businesses



NOVEMBER 1986





# **STARTING A BUSINESS IN BERKELEY:**


## **A RESOURCE GUIDE FOR NEW BUSINESSES**

### **INTRODUCTION**

This document has been developed by the City of Berkeley Office of Economic Development, with cooperation from the Berkeley Chamber of Commerce, as a means of clarifying the start-up process for businesses in Berkeley. The document is divided into three sections. **PERMIT AND LICENSE REQUIREMENTS** is the first section and outlines the procedure for obtaining the proper authority to begin a business. The second section, **BUSINESS ASSISTANCE**, describes assistance available from the City of Berkeley Office of Economic Development. The third section, **UTILITIES**, outlines the process for obtaining utility service in the City of Berkeley.

Please direct any questions about this material, or requests for additional copies of this document, to:

City of Berkeley Office of Economic Development  
City Manager's Office  
Martin Luther King, Jr. Civic Center Building  
2180 Milvia Street  
Berkeley, California 94704  
(415) 644-6309



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## I. PERMIT AND LICENSE REQUIREMENTS

This section is a step-by-step guide to starting a business in the City of Berkeley. Federal, State, County, and City regulatory requirements are included in this guide. City offices are open between 8:00 a.m. and 5:00 p.m., Monday through Friday. The order of steps (A through I) outlined in this section is, in most cases, the quickest means of starting a business in Berkeley.

### A. City Zoning and Use Permits

The Berkeley Zoning Ordinance governs where businesses may operate in the City. There are several distinct commercial and manufacturing districts, each with unique restrictions on the types of businesses that may operate within them. In addition, the City regulates home occupations. It is critical that potential new businesses check with the **City Zoning Division, 2180 Milvia Street, Basement, Berkeley, CA 94704 (phone 644-6570)** about the zoning application process which they must follow. Some businesses will only require Zoning Division approval (an over the counter procedure), while others will be required to obtain a use permit (up to a 120 day process involving a public hearing).

### B. State Licenses

Many commercial operations, such as automotive dealers, building contractors, dry cleaners, barbers, etc., require a state license. For information, contact the **California Department of Consumer Affairs, 1020 N Street, Room 501, Sacramento, CA 95814, (phone (916) 445-1254)**. There is a penalty if licenses are not applied for in advance.

Most professionals are also licensed by various state agencies. You are probably already aware of this requirement if you are a doctor, lawyer, accountant, real estate or insurance broker, etc. Contact the appropriate state agency if in doubt.

### C. Federal Identification Number

All employers and most businesses are required to have a federal identification number. An application form can be obtained from the **U.S. Internal Revenue Service, 1221 Broadway, 6th Floor, Oakland, CA 94612 (phone 839-1040)**. When your application has been processed, you will receive your Employer Identification Number, your Federal Tax Deposit slips (FTD 501 and FTD 508) and information about withholding taxes. This processing period takes approximately eight weeks.

### D. State Sales and Use Tax Permit

Retail Businesses:

Under the California Sales and Use Tax Law, a retail businessperson must obtain a valid Seller's Permit in order to sell at retail value. With the permit, the merchant has the right to buy tangible personal property for resale without paying sales or use tax to the vendor. To register as a seller, the proprietor, partner or officer of a business must obtain a Seller's Permit number from the **California State Board of Equalization,**





1111 Jackson Street, 7th Floor, Oakland, CA 94604 (phone 464-0347), and must remit taxes to the Board collected from the consumer at the time of sale. Normally the Board will require that the businessperson deposit a security payment or a sales tax bond (usually obtained from your insurance broker) at the time of registration. The amount of security and the tax return basis - monthly, quarterly, or annually - will depend on the credit standing and estimated gross sales of the company.

#### Manufacturing and Wholesale Businesses:

A manufacturer or wholesaler who sells tangible property that will, in turn, be resold to the retail consumer, must obtain a Resale Certificate (available from the **California State Board of Equalization, 1111 Jackson Street, 7th Floor, Oakland, CA 94604 (phone 464-0347)**) that includes a description of the purchaser's business, property purchased for resale, purchaser's Seller's Permit number, and signature.

A use tax is levied in lieu of a sales tax on taxable merchandise purchased out of state, or purchased tax-free from an in-state retailer when it is used or stored by the business instead of being resold. Additional information and copies of sales and use tax regulations that pertain to particular types of business may be obtained from any office of the State Board of Equalization.

For convenience, some employers may use the Board of Equalization Form BT 400 to apply for a seller's permit and to register with the Employment Development Department at the same time.

#### E. State Employer Registration Forms

Employers are required to register with the California Employment Development Department within 15 days after becoming subject to the California personal income tax withholding provisions, the Unemployment Insurance Code, or both. Registration forms are available at the **California Employment Development Department, 1111 Jackson Street, 2nd Floor, Oakland, CA 94604 (phone 464-0606); mailing address: P.O. Box 1228, Oakland, CA 94604.**

If an employer is subject only to income tax withholding, registration Form DE 8001 should be used. If the employer is subject to both laws, then registration Form DE 1 should be used.

#### F. County Fictitious Name Statement

Every business that goes by a name other than its owner(s), or other than its name upon incorporation, must file a fictitious name statement with the clerk of Alameda County. The purpose of the filing is to allow the consumer to know with whom he/she is doing business.

The registration fee is \$10.00. The statement must be published once a week for four successive weeks in a newspaper of general circulation in the area of business. For details, contact the **Alameda County Clerk, 1225 Fallon Street, Oakland, CA 94612 (phone 874-7140).**





## G. City Business License

Apply at the **City License and Collections Division, 2180 Milvia Street, 1st Floor, Berkeley, CA 94704 (phone 644-6470)** for a business license application. You must complete your application, demonstrate proof of a state license and/or sales permit, and pay the business license fee. Currently most retail, manufacturing, and service firms pay a basic first year fee of \$51.00. In subsequent years the fee for firms is calculated on the basis of gross receipts, value added, or gross payroll, depending on the type of business.

**The business license must be approved by other City Departments.** The Zoning Division, Codes and Inspection Division, and Health and Human Services Department are the primary sign-off departments. Staff in the License and Collections Division can answer questions regarding the sign offs necessary for different types of businesses. The fees required at the different sign off spots are as follows:

- **Zoning Division (2180 Milvia Street, Basement, Berkeley, CA 94704, phone 644-6570)** review and approval of business plans will cost between \$22.50 and \$150.00. The Zoning Division public counter is closed after 1:00 p.m. on Tuesdays and Thursdays.
- **Codes and Inspection Division (2180 Milvia Street, Basement, Berkeley, CA 94704, phone 644-6550)** approval is necessary if a change of use has occurred, to ensure compliance with City Building and Zoning Ordinances. If a change of use has occurred, an inspection will be conducted within 48 hours of the business license application reaching the public counter of the Codes and Inspection Division. The inspection fee is \$120.
- **Health and Human Services Department (2180 Milvia Street, 3rd Floor, Berkeley, CA 94704, phone 644-6510)** approval is necessary for any business relating to food (sale, preparation). This approval is designed to ensure compliance with City sanitation codes. Inspections are provided by the Health and Human Services Department within four weeks of the business license application. The inspection fee varies with the size of the business.

## H. City Building Permits

Permits are required for building, plumbing, gas ventilating, signage, electrical repairs, construction, and alterations. Permits must be obtained before work begins. Fees depend on the type and scope of work. Apply at the public counter of the **Codes and Inspection Division, 2180 Milvia Street, Basement, Berkeley, CA 94704 (phone 644-6550)**.

## I. City Hazardous Material Permits

If your business involves the production and/or storage of hazardous materials contact the **City Health and Human Services Department, 2180 Milvia Street, 3rd Floor, Berkeley, CA 94704, phone 644-6510**, to determine the appropriate City permits needed.





## II. BUSINESS ASSISTANCE

The City of Berkeley Office of Economic Development was created in October, 1985 to help promote a healthy Berkeley economy. Five major areas of concern during OED's first year have been:

- o Developing jobs
- o Revitalizing South Berkeley
- o Supporting small and alternative businesses
- o Working with individual businesses to keep them in Berkeley and help them expand
- o Designing new standards for large scale development

The Office of Economic Development can provide assistance to businesses that are having trouble with any part of the process outlined in Section I. In addition, the Office of Economic Development can provide direct assistance, or referral services, to Berkeley businesses in the following areas:

### A. Business Development

1. Technical assistance with business plans, advertising, sales
2. Market information
3. Energy management
4. Assistance with City procedures

### B. Employment and Training

1. Job ready employees
2. Training and placement services
3. First source hiring agreements
4. Labor market information

### C. Financing

1. South Berkeley Revolving Loan Fund
2. Conventional lenders
3. Public financing

### D. Governmental Processes

1. General development procedures
2. Assistance with specific development projects

### E. Real Estate

1. Site location
2. Property purchasing / leasing





### III. UTILITIES

The following section describes the process for obtaining utility service within the City of Berkeley.

#### A. Water

**East Bay Municipal Utility District, 250 17th Street, Oakland, CA 94612 (phone 451-3440).** Upon opening a new business, a deposit is required. The amount of the deposit is based on the amount of consumption, and is 2 1/2 times the average bill for two months. The deposit is predetermined by charging you the same deposit for a similar type business. The minimum deposit charged is \$75.00. Upon termination of service, your deposit is applied to the closing bill. You can have service the same day it is requested, up to 1 p.m. After 1 p.m., service will be installed the next day. To cancel service, call one day in advance.

#### B. Gas & Electricity

**Pacific Gas & Electric Co., 2111 Martin Luther King Jr. Way, Berkeley, CA 94704 (phone 848-8658).** All new businesses are required to pay a deposit, which is two times the average monthly bill. After making payment on the account for 12 consecutive months on a current basis, the deposit will be refunded. Upon termination of service the deposit is applied to the closing bill. Utility service will be provided within 48 hours of notifying P.G. & E. If a new meter is to be installed, allow one week before service is provided.

#### C. Telephone

**Pacific Bell, 2140 Webster Street, Oakland, CA 94612 (phone 545-7355).** New business hookup requires a deposit of \$100.00 per line. You should expect a wait commensurate with the number of lines to be installed (e.g. 7 lines will be approximately a 7 working day wait). Upon termination of service, the deposit is applied to the closing bill. If service is terminated within one year, there is a full refund. There are phone connection charges which are variable, depending on the type of equipment installed, and the amount of work required for installation. Cancellation of service can occur the same day as requested.

#### D. Refuse Collection

New businesses can declare the type of refuse service they desire when applying for a business license at the **City License and Collections Division, 2180 Milvia Street, 1st Floor, Berkeley, CA 94704 (phone 644-6470).** There is no deposit required, service is immediate, and termination of service can also occur the same day as requested. Depending on availability, a business may lease a City-owned dumpster.





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